

HIGHER EDUCATION UPDATE

NUMBER UP/97-6
NOVEMBER 1997



News from the

CALIFORNIA POSTSECONDARY EDUCATION COMMISSION

Jeff Marston, *Chair*
Guillermo Rodriguez, Jr.,
Vice Chair
Mim Andelson
Alan S. Arkatov
Henry Der
Joe Dolphin
Lance Izumi
Kyo "Paul" Jhin
David S. Lee
Bernard Luskin
Frank R. Martinez
Stephen R. McShane
Ralph R. Pesqueira
Khyl Smeby
John E. Stratman, Jr.
Gerti Thomas
Melinda Wilson

Warren H. Fox
Executive Director

1303 J Street, Suite 500
Sacramento, California 95814-2938
Telephone (916) 445-7933 (Voice)
FAX Number (916) 327-4417

1997-98 State Appropriations for California Postsecondary Education

Summary of the 1997-98 State Budget

Assembly Bill 107 (Ducheny) was signed by Governor Wilson on August 18, 1997. The 1997 Budget Act and its accompanying trailer bills authorize a total State Budget of \$67.2 billion (including \$52.8 billion in General Funds, and \$14.4 billion in special funds), an increase of 7.9 percent over the 1996-97 General Fund budget. The budget includes a \$112 million reserve.

The major features of the budget include:

- ◆ No new general tax reductions or increases with the exception of a \$1 increase in the State's car registration fee. (The Legislature adopted a series of tax relief proposals in a separate legislative package prior to the adjournment of session.)
- ◆ A 9.8 percent, or \$1.9 billion, increase in K-12 school funding -- an average of \$5,144 per pupil in 1997-98 (up \$488). The budget includes a set-aside of \$200 million for the proposed new student assessment program. The total Proposition 98 funding for K-12 education is \$28.7 billion.
- ◆ The implementation of the first year of the State's new welfare program, California Work Opportunity and Responsibility to Kids Act (CalWorks), effective January 1, 1998.
- ◆ The repayment of \$1.36 billion in deferred contributions and interest to the Public Employees Retirement System (PERS). The budget bill contains no funding for increased State employee compensation. However, the Governor and the Legislature reached an agreement that an increase in State employee compensation be negotiated through the collective bargaining process. No funding for compensation increases has been included in the State's budget.
- ◆ Funding of the third year of the Governor's four-year compact with the University of California and the California State University. The Governor and Legislature agreed to "roll back" student fees by 5 percent for California undergraduate resident students in 1998-99 and freezes undergraduate and graduate professional student fee levels in 1999-2000.
- ◆ A \$430 million increase in total funding (including \$206.5 million in general funds) for the State's community colleges. This increase will fund a 3 percent increase in student enrollment growth, a 3 percent cost-of-living adjustment, \$65 million to support new welfare reform efforts, and \$98 million in new instructional equipment funding. Total General Fund spending for community colleges is almost \$1.9 billion.

Third year of compact increases general fund support for the State Universities; community colleges benefit from major increases in Proposition 98 funding

The 1997-98 Budget Act contains significant increases in funding for the State's colleges and universities. Display 1 provides a summary of all State funding sources for postsecondary education. Specifically, the California State University will receive an additional \$108 million in General Funds, (a 6.1% increase), and the University of California will receive an additional \$121.4 million, (a 5.4% increase). The State's local community colleges will benefit from the significant increase in State revenues to Proposition 98 funded programs. The California Community Colleges will receive over \$206.5 million in new General Fund support (a 11.1% increase).

While the budget is not enrollment driven, the three public postsecondary education institutions project that the budget will allow them to accommodate new enrollment growth. The budget provides new funding to accommodate 2,500 new Full Time Equivalent Students (FTES) at the State University, bringing its total enrollment level to

approximately 258,000 FTES. Total enrollment at the University is projected to increase by up to 1 percent or 1,500 FTES to 155,600. The community college system is expected to grow by 3 percent to a total of approximately 933,777 FTES (includes both credit and noncredit instruction).

Undergraduate and graduate student fee level held constant, Fee "rollback" slated for 1998-99 and 1999-2000

For the third year in a row, resident systemwide student fee levels remain at \$390 for community colleges students; \$1,584 for students enrolled in the California State University; and \$3,799 for students attending the University of California. These amounts do not include the mandatory campus-based fees which vary according to campus.

In addition, the Governor and the Legislature approved AB 1318 (Ducheny) which reduces systemwide fees for undergraduate State University and University students by 5 percent in 1998-99 and freezes fees at that level until 1999-2000. AB 1318 also provides for a two-year "freeze" in fee levels for California resident students en-

DISPLAY 1 *Higher Education Expenditures, General Fund, Lottery Funds, State School Fund, Local Revenues, and Student Fees, 1992-93 Through Proposed 1997-98, with Dollars in Millions*

System	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	One-Year Change	
							Amount	Percent
California Community Colleges	\$3,461.4	\$3,539.4	\$3,639.1	\$3,984.2	\$3,420.0	\$3,675.2	\$255.2	7.5% ¹
The California State University ^{2,3}	2,016.9	1,975.8	2,141.8	2,229.2	2,469.9	2,538.0	68.2	2.8% ⁴
University of California ²	2,599.7	2,551.6	2,668.6	2,769.2	2,963.9	3,111.4	171.9	5.8%
California Student Aid Commission	145.9	210.7	226.1	236.8	264.8	295.3	30.5	11.5%
Other Higher Education ⁵	<u>135.8</u>	<u>129.2</u>	<u>156.8</u>	<u>155.6</u>	<u>177.2</u>	<u>180.1</u>	<u>2.9</u>	<u>1.6%</u>
Total Funds	\$8,360.4	\$8,408.1	\$8,832.4	\$9,375.0	\$9,271.4	\$9,800.1	\$528.7	5.7%

Notes:

1. CCC's expenditures for 1996-97 include \$34.8 million in General Fund purposed legislation for one-time expenditures. Without this proposal, CCC's expenditures for 1997-98 would show a one-year increase of \$272.5 million or 6.5 percent.
2. For purposes of this table, expenditures for the UC and CSU have been adjusted to include the offsetting, general purpose income. This provides consistency in comparing magnitudes and growth among the various segments of education.
3. Includes the California Maritime Academy which became part of CSU, effective July 1, 1995.
4. CSU's expenditures for 1996-97 include \$45 million in General Fund for one-time expenditure of funds carried over from prior years. Without these one-time expenditures in 1996-97, CSU's expenditures for 1997-98 would show a one-year increase of \$119.9 million or 5.1 percent.
5. The Other Higher Education amount includes General Obligation Bond interest and Redemptions for UC, CSU, and Hastings College of the Law (HCL); and California Postsecondary Education Commission.

Source: Adapted from the 1997-98 Governor's Budget Summary; CPEC "Fiscal Profiles, 1997"; and California Department of Finance.

rolled in graduate and professional programs. The measure also reduces community colleges fees by \$1 from \$13 to \$12 per unit. Academic year 1997-98 represents the fourth year of the four-year phase-in of a higher fee for selected professional school students, (pharmacy, dentistry, and medicine) at the University of California. Those new students will see their fees increase by \$1,000 over the previous year's level, bringing the fee for medical students to \$10,090, for dentistry students to \$9,566, and for pharmacy students to \$7,509. New students attending law and business/management programs will see their fees rise by \$1,000 to \$10,854 and \$10,744, respectively.

Cal Grant increase supports the goals of student access and choice

The Final Budget Act provides an increase of \$10.2 million to the State's Cal Grant program, bringing the total local assistance funding for the program to approximately \$295 million. Significantly, the Governor and the Legislature agreed to:

1. Increase the number of new Cal Grant awards by approximately 4,000 additional awards. The budget directs that the Student Aid Commission award these new grants first to Cal Grant B applicants to achieve a balance between the number of new Cal Grant A and B recipients. Currently, the 1996-97 budget provides for 19,026 new Cal Grant A awards and 15,578 new Cal Grant B awards; and,
2. Increase the maximum award for students attending the State's independent colleges and universities from \$7,100 to approximately \$8,184 (or about 47% of the average tuition charged).

Educational technology commitment renewed

The Budget Act provides new funding to expand the California Community Colleges' telecommunications and technology efforts. The budget provides a total of \$18 million for the community colleges technology initiatives including an additional \$4.7 million to the community colleges to continue funding development and expansion of its "4C net" telecommunications and \$4 million to fund faculty and staff development in the use of technology to enhance student learning, access, and success. The Budget Act also appropriates funding to the State University

and University for each system's respective technology initiatives. The California State University will receive \$8.5 million for "academic" technology efforts at the State University which will provide funding for faculty support and training. The University of California is expected to receive \$4 million for its technology initiatives.

Academic preparation a central focus

An important issue this year, academic outreach and preparation programs were strongly supported by both the Legislature and the Governor. The State Budget provides \$1 million to the State University for its precollegiate academic program and tutoring. The Governor vetoed \$1 million from a \$2 million legislative augmentation to the University of California to support expanded outreach efforts.

New campus development supported in State Budget

Funding was provided in the State Budget for the planning and development of new campuses and centers. The State University received capital outlay funding of \$1 million for cost benefit and feasibility studies for the Channel Islands, Camarillo site campus in Ventura County. In addition, the State University received \$1.7 million in capital outlay funding for the conversion and development of the Stockton Developmental Center into the Regional and Continuing Education Center at CSU, Stanislaus. Further, the Governor and Legislature have supported the development of an additional campus of the University of California; the University will receive \$4.9 million for planning and development of a tenth campus in the Central Valley.

University and college employees receive increases in compensation

Faculty and staff at each of the three public postsecondary education institutions will receive increases in their compensation during 1997-98. The California State University employees, both represented and non-represented, will see compensation and benefit increases from a compensation pool which averages 4 percent, effective retroactively to July 1, 1997. University of California faculty members will receive a 3 percent salary increase, effective retroactively to October 1, 1996. Faculty and staff will also receive a 2 percent cost-of-living adjustment ef-

fective October 1, 1997. In addition, the budget provides \$34.1 million to fund merit salary adjustments for eligible faculty and staff employees at the University. Community college districts, which negotiate locally with various bargaining units, are expected to provide compensation increases to their district employees. In a survey of community college districts statewide, local community college districts have granted salary increases over the last three fiscal years in the 3 to 5 percent range. Community colleges typically negotiate employee salary increases over a multi-year period.

Summary

California's growing economy has provided the State with new revenues to significantly increase funding for education. The 1997-98 State Budget provides \$6.6 billion in General Fund support for higher education, up \$500 million from \$6.1 billion in fiscal year 1996-97. Higher education's share of the State's budget is 12.5 percent; stabilizing funding for the State's colleges and universities. New funding for enrollment growth, increased student financial aid awards and expanded outreach efforts are

provided in this year's budget. Faculty and staff will receive compensation increases and will benefit from new funding for technology efforts now being expanded on most college campuses. Students at all three public post-secondary education institutions will see no increases in their mandatory system-wide student fees.

Additionally, the 1997-98 Budget Act provides funding for new college facility development including the transfer of the existing State Developmental Center to CSU, Stanislaus; funding of a feasibility study for Channel Island/Camarillo site in Ventura County; the funding of continued development of the San Joaquin Valley site for the University of California, and several new community college centers.

References

Chapter 282 (Assembly Bill 107), Statutes of 1997. *Governor's Budget Summary, 1997-98*. Sacramento, January 1997.

Governor's Budget, 1997-98. Sacramento, January 1997.
